

# Entitlement Offer

## Securing the Pathways to Production

Shortfall Investor Road Show  
June 2013

*Iron*  
*Road*  
*limited*



# Disclaimer



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## Competent Person's Statements

The information in this presentation that relates to Resources estimated for the Boo-Loo prospect is based on and accurately reflects information compiled by Mr Ian MacFarlane, Coffey Mining, who is a consultant and advisor to Iron Road Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr MacFarlane has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Coffey Mining consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to Resources estimated for the Murphy South-Rob Roy prospect is based on and accurately reflects information compiled by Ms Heather Pearce, who is a full time employee of Iron Road Ltd. This estimation was peer reviewed by Dr Isobel Clark of Xstract Mining Consultants. Dr Clark has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Xstract Mining Consultants consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

## Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond an exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South-Rob Roy prospects.

# Iron Road Overview

- Iron Ore developer focused on the Central Eyre Iron Project (“CEIP”) in South Australia
  - Largest magnetite resource (Measured+Indicated) in Australia with 3.7 billion tonnes @ 16% Fe\*
  - Completing a definitive feasibility study (“DFS”) with 20 Mtpa 67% iron product
- Listed on the ASX, IPO in June 2008
- Supported by the Sentient Group of private equity funds
- Gawler Iron Project has the potential to provide early sustaining cash flow



For illustrative purposes only

\*Full Resource outlined at page 7, Exploration Target notes at page 2

# Corporate Overview



## Total Enterprise Value at issue price of \$0.18

<i>In millions</i>	Current	Proforma
Shares	291	582
Notional Market Cap (A\$)	52.4	104.7
Cash @ (A\$, current as 31/3/13)	15.5	66.2
TEV (A\$) (Notional market cap less cash)	36.8	38.5

## Major Shareholder pre-Entitlement Offer issue

Sentient	57.6%
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## Board of Directors

Peter Cassidy	Non-executive Chairman
Julian Gosse	Non-executive Director
Ian Hume	Non-executive Director
Jerry Ellis AO	Non-executive Director
Leigh Hall AM	Non-executive Director
Andrew Stocks	Managing Director

## Management

Andrew Stocks	Managing Director
Larry Ingle	General Manager
Lex Graefe	Chief Financial Officer

# Investment Highlights

## CEIP Globally significant project

- Within top 20 magnetite projects worldwide
- Largest (Measured+Indicated) magnetite resource in Australia

## Robust resource base

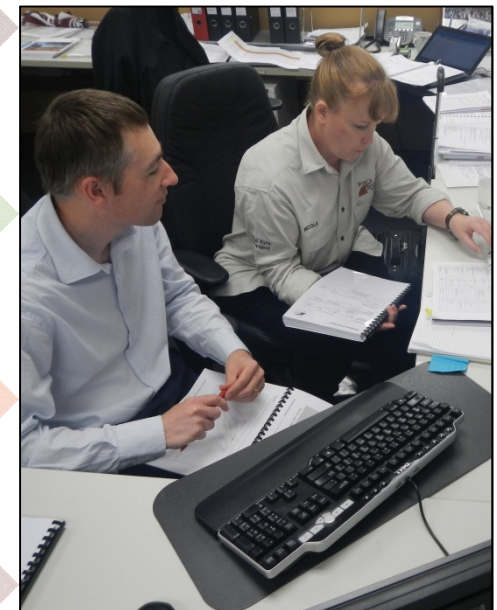
- CEIP Resource stands at 3.7 billion tonnes at 16% iron\*
- Exploration target at CEIP of 2.8-5.7Bt of magnetite gneiss at a grade of 18-25% iron\*

## Premium quality product

- Testwork indicates consistent, premium quality product
- Distinctive mineralogy lends itself to simple processing and coarser grind size that results in lower power costs

## Clear pathways to production

- Funding provided for studies at both projects
- CEIP long life project consistently delivering on expectations
- Potential for Gawler to provide early sustaining cashflow
- Well established team to deliver projects



\*Full Resource outlined at page 7, Exploration Target notes at page 2



## CEIP - History

- Commenced drilling in September 2008 after the IPO in June 2008
- Maiden resource of 110Mt @ 19% Fe announced August 2009
- Exploration target of 2.8-5.8 Bt @ 18-25% magnetite Gneiss defined in September 2009
- 12.4 Mtpa 'base case' project with capex of A\$2.6 billion defined in the PFS in June 2011 from a resource of 1.3 billion tonnes @17% Fe
- 20 Mtpa scenarios are investigated as part of the DFS since the PFS
- Resource upgrade to 3.7 billion tonnes @ 16% Fe\* in May 2013



\*Full Resource outlined at page 7, Exploration Target notes at page 2

# CEIP Resource Statement



CEIP Global Mineral Resource						
Location	Classification	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)
Murphy South/Rob Roy	Measured	2,222	15.69	53.70	12.84	0.08
	Indicated	474	15.6	53.7	12.8	0.08
	Inferred	667	16	53	12	0.08
Boo-Loo	Inferred	328	17	52	12	0.09
<b>Total</b>		<b>3,691</b>	<b>16</b>	<b>53</b>	<b>13</b>	<b>0.08</b>

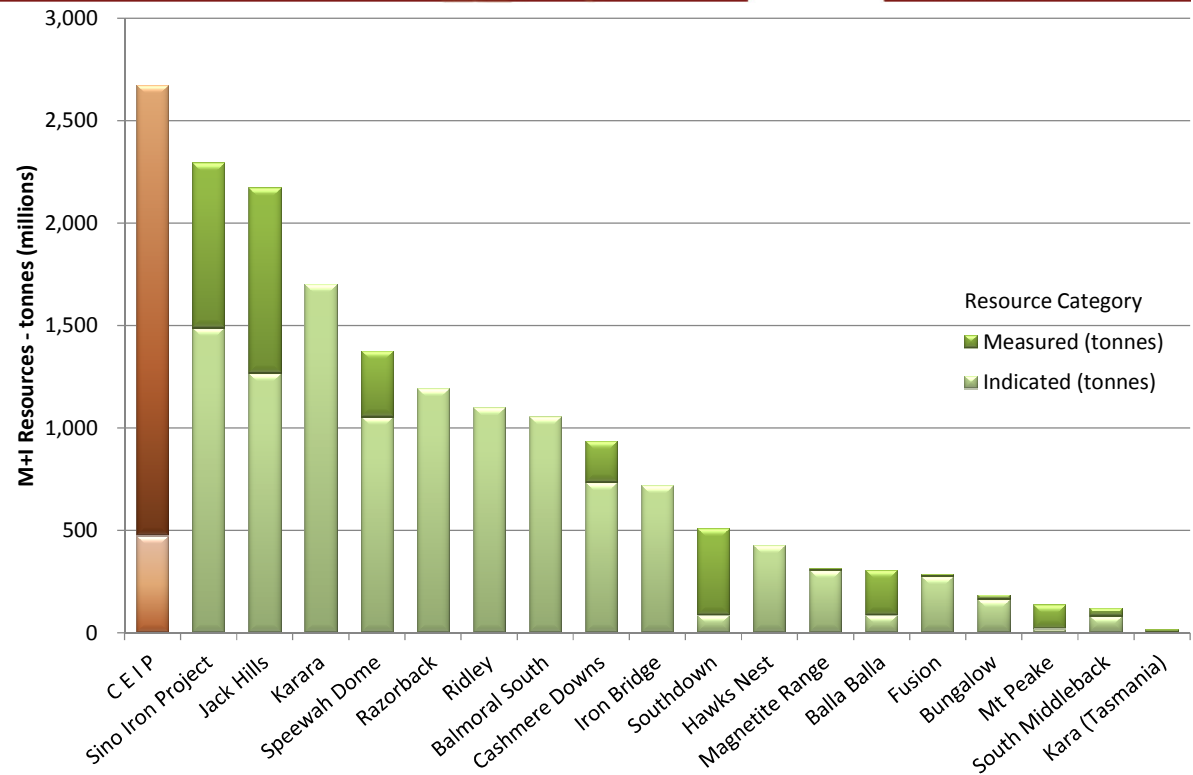
*The Murphy South/Rob Roy mineral resource estimate was carried out following the guidelines of the JORC Code (2004) by Iron Road Ltd and peer reviewed by Xstract Mining Consultants (Rob Roy). The Boo-Loo mineral resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.*

CEIP Indicative Concentrate Specification – 106 micron (p80)			
Iron (Fe)	Silica (SiO <sub>2</sub> )	Alumina (Al <sub>2</sub> O <sub>3</sub> )	Phosphorous (P)
67%	3.3%	1.9%	0.005%

# Large scale long life project

Largest Measured+Indicated magnetite Mineral Resource in Australia, underpins long life operation:

- Mineral Resource 3.7 billion tonnes @ 16% Fe\*
- Exploration Target of 2.8-5.8 billion tonnes @ 18-25% Fe\* reported in 2009
- Ultimate Mineral Resource is expected to be at the upper end of the target range



\*Full Resource outlined at page 7, Exploration Target notes at page 2



## CEIP Prefeasibility Study Outcomes\*

- 12.4 Mtpa iron product (67% Fe)
- A\$2.59 billion capex
  - A\$1.74 billion directs
  - A\$0.51 billion indirects
  - A\$0.34 billion contingency
- A\$59/t opex plus state royalty

\*See ASX announcement dated 14 June 2011

# CEIP Prefeasibility Study Outcomes

- Open cut mining with a 0.8 strip ratio
- Simple, proven, off the shelf processing
  - Coarse grind size of  $-106\mu\text{m}$
- Transport to port via a slurry pipeline
- Mining based on Murphy South resource of 0.9 billion tonnes @ 17% Fe
  - The total CEIP resource has grown to 3.7 billion tonnes @ 16% Fe\*

Project economics dictated by physical characteristics of ore and low strip ratio, not in ground grades



\*Full Resource outlined at page 7, Exploration Target notes at page 2

## Progress since Prefeasibility Study



	PFS	DFS
Production	12.4 Mtpa	20 Mtpa
Transport method	Slurry pipeline	Rail
Resource	1.2 billion tonnes @ 17% Fe	3.7 billion tonnes @ 16% Fe*
Port	Sheep Hill (third party facility)	Cape Hardy
Capex	A\$2.59 billion	TBD

\*Full Resource outlined at page 7, Exploration Target notes at page 2

# Economic and Competitive Advantages

1

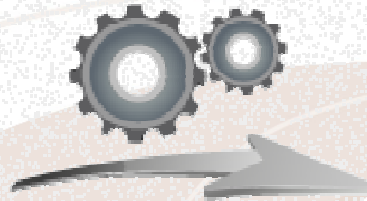


## Mining

Low strip ratio of 0.8:1

Off-the-shelf technology

2



## Processing

Common and proven mechanical process

Off-the-shelf technology

3



## Rail

Significantly shorter than Pilbara and Brazilian routes

Off-the-shelf technology

4



## Port

Sheltered, deep location with short jetty = reduced capital cost

Off-the-shelf technology

# Mining

- Large scale conventional mining
  - standard drill, blast, load, haul operations
- PFS “base case” open cut mining operation, low strip ratio of 0.8 to 1 (ratio of waste to ore)
- Proven, off-the-shelf equipment

*Typical excavator  
Cat 6090, 980 tonne machine*





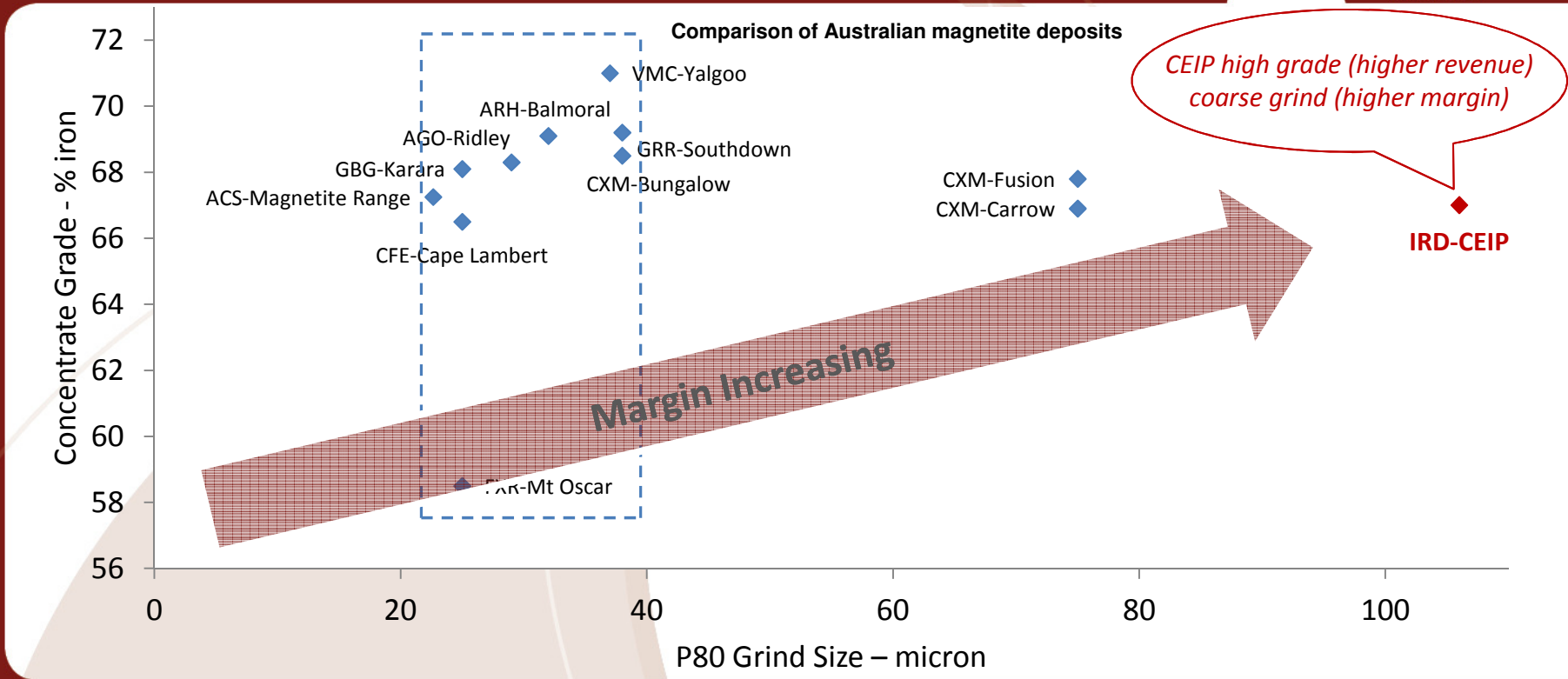
# Processing

- After mining, ore upgraded by on site concentrator
- Process consists of crushing, grinding and magnetic separation
  - Common process, not new technology
  - Mechanical processes, not chemical
- After separation, ore is stockpiled for load-out onto trains
- Proven, off-the-shelf equipment



*Aerial view of the Karara Iron Project*

# Premium Grades, Lower Processing Costs



# Rail and Utilities



- Project will utilise standard gauge railway
- Technical review of potential rail routes
- Significantly shorter than Pilbara and Brazilian routes
- Alignment preference is to bypass towns
- Rail corridor to be utilised for other infrastructure – power, water pipeline
- Water supply from outside district, independent of existing local supply structure
- High voltage power upgrade – ideally will serve entire district, not just CEIP
- Proven, off-the-shelf equipment



## Deep Water Port

- Cape Hardy offers sheltered, deep water with no dredging or breakwater required
- 1.6km modular jetty/wharf structure
- 30Mtpa capacity at commissioning
- Handymax, Panamax and Capesize capable
- 1,100ha land secured, potential third party access
- Easy and cost effective expansion options
- Will be the first Capesize port in South Australia



*Cape Hardy visualisation*

## CISRI Test Work Shows Excellent Results



- Bulk test programme at the prestigious China Iron & Steel Research Institute Group (CISRI), Beijing
- Concentrate performs well in both **sintering** and **pelletising**
- Product readily substituted for Brazilian Fines, Pilbara Fines or Chinese domestic concentrates
- Replacement of Pilbara Fines lowered fuel level required for sintering
- Substitute also for pellet plant feed highlights versatility
- Results confirm suitability for Chinese steel mills





# Gawler Iron Project

Potential for small 1-2Mtpa development that may provide early sustaining cash flows

- Iron Road 90%
- Average in situ grades ~25% iron, with higher grade zones of ~36% iron
- Initial metallurgical study of several composite samples indicates excellent beneficiation
  - 67-71% Fe (p80 @ 106 $\mu$ m)
- Resource definition and metallurgical drilling completed
- Scoping study underway



# Gawler Conceptual Plant Layout

- Modular plant layout, designed for rail transport
- ~25km from Trans-Australian rail with connection to bulk ports
- Dry process flow sheet, reducing costs
- Tests indicate high quality iron concentrate with similar characteristics to CEIP



# Iron Ore Market

Iron  
Road  
limited



# The World Needs More Iron Ore



## Demand to 2020

- China continues to grow – rate slowing but expected to be positive for the rest of the decade
- Consumption off high base, even modest growth will generate large incremental volume
- Chinese growth, with gradual global recovery anticipated to drive incremental demand

China is expected to produce around 1 billion tonnes of steel per year by 2025, up from 735 million tonnes currently

## Beyond 2020

- We see Chinese consumption slowing but global demand continuing to gradually grow
- If this occurs, supply expected to better balance demand
- We expect additional supply of large volumes to become progressively more challenging

## Our current expectations

- World iron ore production needs to almost double in next 20/25 years to meet expected demand
- Anticipated declining Chinese iron ore production would require seaborne trade to increase at a faster rate



## Magnetite Operations

- Have become the 'black sheep' of the Australian iron ore industry
- Reputation impugned by DSO incumbents and failures of project management, not necessarily quality or size of deposit
- Not all ores are created equal – WA's difficult to process banded iron formations are not necessarily representative of the sector
- DSO quality continues to fall – product quality gaps continue to widen and will only increase
- Magnetite operations with long and successful history in North America, Sweden, China, Russia, Ukraine...
- Magnetite more energy efficient, less carbon intensive in the steel making process
- Increasing market need for magnetite producers

Magnetite concentrate remains a consistent premium product as DSO grades decline



# The Future for Iron Road



## Feasibility Study funding secured

- Feasibility studies for both projects funded
- Provides Iron Road robust platform from which to engage with potential project partners and finance providers

## Central Eyre

- Largest Measured+Indicated magnetite Mineral Resource in Australia
- Advanced Definitive Feasibility Study, due at the end of 2013
- Long life, low technical/processing risk

## Gawler

- Potential shorter term development to provide early cash flow
- Scoping study in progress, resource and metallurgical drilling complete

## Market acceptance

- Bulk sample test work confirms target use and end user benefits
- Favourable feedback from steel mills

## Strategically positioned

- Strong government support at all levels
- Port site of national significance secured
- Tests indicate premium quality, consistent product

## Entitlement Offer Overview

Iron Road is undertaking a 1:1 non-renounceable entitlement offer to raise approximately \$50.7 million (after expenses), at \$0.18 per share (“Entitlement Offer”)

- Entitlement Offer positions Iron Road to successfully transition to project financing and development and provides funds to:
  - **Central Eyre Iron Project:** complete Definitive Feasibility Study, acquire land and continue with regulatory approvals for flagship 20Mtpa CEIP development
  - **Gawler Iron Project:** undertake feasibility studies for 1-2Mtpa Gawler project to provide early sustaining cash flows
- Fully underwritten by funds advised by the Sentient Group, Iron Road’s long term supporters
- CIBC Australia Ltd and Blue Ocean Equities Pty Limited appointed as Joint Shortfall Managers to manage allocation of the shortfall

## Details of the Offer

### Structure

- 1 for 1 non-renounceable Entitlement Offer to eligible shareholders raising approximately \$50.7 million after expenses
- Issue of approximately 291 million shares

### Price

- Offer price of \$0.18 per New Share represents:
- 21.1% discount to 60 day VWAP to last trading day prior to announcement of the Entitlement Offer
- 15.9% discount to 20 day VWAP to last trading day prior to announcement of the Entitlement Offer
- No discount to the closing price on the last trading day prior to announcement of the Entitlement Offer (\$0.18)

### Use of proceeds

- Completion of DFS for Central Eyre Iron Project
- Opportune land purchases to support Central Eyre Iron Project
- Undertake Feasibility Study on Gawler Iron Project

### Underwriters

- Fully underwritten by Iron Road's long term supporters, and major shareholders, Sentient Global Resources Fund III, L.P. and Sentient Global Resources Fund IV, L.P.
- CIBC and Blue Ocean Equities engaged to jointly manage shortfall

### Record date

- **7PM AEST** Friday, 21 June 2013

## Use of Funds (after expenses)



Entitlement Offer total	\$50.7 million
Central Eyre Iron Project	
DFS mining and processing studies	\$8.0 million
Infrastructure studies, including rail, port, water and power requirements	\$13.0 million
Marketing, other minor studies and study management	\$4.5 million
Environmental studies and regulatory approvals	\$5.5 million
Gawler Iron Project	
Gawler feasibility studies (post scoping study)	\$6.0 million
Gawler regulatory approvals	\$2.0 million
Corporate	
Overheads and working capital to June 2014	\$4.0 million
Opportune land purchases and if necessary, can be utilised for overheads and working capital post June 2014	\$7.7 million

# Timeline



Announcement of the Entitlement Offer	Thursday, 13 June 2013
Ex-date	Monday, 17 June 2013
Record Date (7pm AEST)	Friday, 21 June 2013
Despatch of Offer booklet and Entitlement and Acceptance Forms	Tuesday, 25 June 2013
Entitlement Offer opens	Tuesday, 25 June 2013
Entitlement Offer closes (5pm AEST)	Tuesday, 16 July 2013
Deferred settlement trading on ASX commences	Wednesday, 17 July 2013
Shortfall bookbuild closes	Friday, 19 July 2013
Settlement of Entitlement Offer and Shortfall bookbuild	Tuesday, 23 July 2013
Issue of New Shares under Entitlement Offer, Shortfall Facility and Shortfall Bookbuild	Wednesday, 24 July 2013
New Shares commence normal settlement trading on ASX	Thursday, 25 July 2013
Issue of New Shares to Underwriters	Tuesday, 30 July 2013



# Risk Factors



**You should be aware that there are risks associated with an investment in Iron Road. These can be categorised as specific risks (that is, matters that relate directly to Iron Road’s business) and general risks (those that relate to the business in general). Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many are outside the control of Iron Road and cannot be mitigated.**

**For a description of the risks associated with an investment in Iron Road please see the “Entitlement Offer Booklet” lodged with the ASX on 13 June 2013.**